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RESOLUTION ADOPTED BY THE GENERAL ASSEMBLY

[on the report of the Second Committee (A/49/727/Add.2)]

49/93. Net flows and transfer of resources between developing countries and developed countries

The General Assembly,

Reaffirming its resolutions S-18/3 of 1 May 1990, the annex to which contains the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries, and 45/199 of 21 December 1990, the annex to which contains the International Development Strategy for the Fourth United Nations Development Decade,

Recalling its resolutions 44/232 of 22 December 1989 on trends in the transfer of resources to and from the developing countries and their impact on the economic growth and sustained development of those countries, and 47/178 of 22 December 1992 on the net transfer of resources between developing countries and developed countries,

Recalling also its resolution 43/197 of 20 December 1988 and Agenda 21, 1/ adopted by the United Nations Conference on Environment and Development, which address the fulfilment of the internationally agreed commitment for official development assistance,

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1/ Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992 (A/CONF.151/26/Rev.1 (Vol. I and Vol. I/Corr.1, Vol.II, Vol. III and Vol. III/Corr.1)) (United Nations publication, Sales No. E.93.I.8 and corrigenda), vol. I: Resolutions Adopted by the Conference, resolution 1, annex II.

Taking note of the World Economic and Social Survey, 1994, 2/ in particular chapter IV thereof, entitled "International resource transfers and financial development", and the report of the Secretary-General on the net transfer of resources between developing and developed countries, 3/

Recognizing that the international community has a responsibility to give strong support to the efforts of the developing countries to solve their grave economic and social problems through the creation of a favourable international economic environment,

Noting that capital flows to capital-importing developing countries have been increasing strongly and that the net transfer of resources to them has been positive for the past four years, reaching the highest level recorded so far, and noting also that the most dynamic components of this development have been private short-term capital, including repatriation, and foreign direct investment,

Noting further that only a limited number of developing countries have benefited from the increase in the transfer of financial resources from developed countries,

Noting that the future course of the net transfer of resources to developing countries depends on a growth-oriented supportive international economic environment and on sound domestic economic policies,

Noting also that the resources needed to finance investment for development have benefited from a substantial increase in export earnings in a considerable number of developing countries,

Noting with concern that developing countries have continued to experience a deterioration in their terms of trade, which has reduced the resources available for their economic growth and development, and that, in this context, instability in the terms of trade is higher in those countries that depend on a few export commodities,

Stressing the unpredictable character of short-term private capital movements, which are particularly subject to interest-rate variations and other possible fluctuations in the domestic and international economic environment,

Noting that in the 1990s the net transfer of resources from the Bretton Woods institutions to developing countries has been negative in real terms, although it has been positive to countries in Africa and to some countries in Asia, and noting also that the net transfer of regional banks taken together has been positive in the 1990s,

Noting further the recent decline in the overall level of official development assistance,

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2/ United Nations publication, Sales No. E.94.II.C.1 and corrigendum.

3/ A/49/309 and Corr.1.

Concerned about the persistent insufficiency of resources for most developing countries over the past decade for their sustained economic growth and sustainable development,

Recalling the successful outcome of the eighth session of the United Nations Conference on Trade and Development and the spirit of multilateralism that permeated the Conference, as reflected in its final document entitled "A New Partnership for Development: The Cartagena Commitment", 4/

Noting that the historic achievement represented by the conclusion of the Uruguay Round of multilateral trade negotiations is expected to strengthen the world economy and lead to more trade investment, employment and income growth throughout the world,

Welcoming the tenth replenishment of the International Development Association, although it did not result in an increase in commitments compared with the ninth replenishment,

Bearing in mind that all countries, particularly the major industrialized countries, which have significant weight in influencing world economic growth and the international economic environment, should continue their efforts to promote sustained economic growth and sustainable development, to narrow imbalances and to cooperate with the developing countries so as to enhance the ability of those countries to address and alleviate their major problems in the areas of money, finance, resource flows, trade, commodities and external indebtedness,

Noting that the Summit of the group of seven major industrialized countries, held at Naples, Italy, from 8 to 10 July 1994, 5/ and the annual meetings of the Bretton Woods institutions, held at Madrid from 4 to 6 October 1994, recognized the need for private and official resource flows to developing countries,

1. Stresses the need to increase efforts to ensure the flow of substantial resources for sustained economic growth and sustainable development in the developing countries, taking into account the following:

(a) The developed countries should consider increasing financial flows to developing countries in order to assist them in their diversification and structural adjustment efforts and to facilitate their sustained economic growth and sustainable development through, inter alia, an expansion of multilateral credits, promoting foreign direct investment and increasing concessional and non-debt resources;

(b) Governments of the developed countries and other countries in a position to do so should promote an adequate flow of resources to developing countries; developed countries that have reaffirmed their commitment to reach

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4/ Proceedings of the United Nations Conference on Trade and Development, Eighth Session, Cartagena de Indias, Colombia, 8-25 February 1992, Report and Annexes (United Nations publication, Sales No. E.93.II.D.5), part one, sect. A.

5/ See A/49/228-S/1994/827, annex I.

the accepted United Nations target of 0.7 per cent of gross national product for official development assistance should, to the extent that they have not yet achieved that target, agree to augment their aid programmes in order to reach that target as soon as possible; and substantial new and additional funding for sustainable development and the implementation of Agenda 21 should be required;

(*c*) To increase the effectiveness of development assistance, developed and developing countries should strive towards a true partnership, which includes, inter alia, ownership and broad-based participation in recipient countries, implementation of domestic economic policies tailored to local conditions, efficient administration, transparent institutions and strong institutional capacities, including at the local level;

(*d*) In many developing countries, where the burden of debt and debt service constitutes a major obstacle to the revitalization of growth and development, there is a need for further progress towards alleviating their external debt burden;

(*e*) All countries should undertake, in accordance with their specific situations, efforts at the national level to implement structural adjustment policies and reforms conducive to the flow of external resources, including relevant laws to promote foreign private capital investment and an open framework for international trade;

(*f*) Governments should fully implement the Uruguay Round agreements, including the specific provisions for developing countries included in the Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, 6/ signed at the Ministerial Meeting of the Trade Negotiations Committee, held at Marrakesh, Morocco, from 12 to 15 April 1994, and support an open, free, equitable, non-discriminatory and rule-based multilateral trading system that improves access to the markets of all countries, in particular access for the exports of developing countries in order to ensure their sustained economic growth and sustainable development;

(*g*) Producers and consumers of individual commodities should continue to explore ways and means of reinforcing their cooperation and consider actively participating in international commodity agreements and arrangements that take into account market trends in order to achieve more efficient international commodity cooperation;

(*h*) Developing countries should continue to strengthen their efforts in the area of vertical and horizontal diversification in order to enlarge their export bases and, in this context, assistance should be provided to them to enable those countries which have not yet reached this stage to create the conditions appropriate to attract foreign capital;

(*i*) All Governments, particularly those of the developed countries, should cooperate more closely in order to promote an international financial system which is more conducive to stable and sustained economic growth through, inter alia, a higher degree of stability in financial markets,

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6/ See Legal Instruments Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, done at Marrakesh on 15 April 1994 (GATT secretariat publication, Sales No. GATT/1994-7), vol. 1.

reducing the risk of financial crisis, improving the stability of exchange rates, stabilizing and striving for low real interest rates in the long run and reducing uncertainties of financial flows;

(*j*) All Governments, particularly those of the developed countries, should take appropriate measures to create a favorable international economic environment;

(*k*) All Governments, particularly those of the developed countries, should strive for multilateral surveillance aimed at correcting existing external and fiscal imbalances so as to expand multilateral trade and foreign investment, particularly to the developing countries, and in this context, more effective participation by developing countries should be encouraged;

(*l*) Consideration should be given to ways to coordinate macroeconomic policies effectively in competent, broad-based multilateral forums;

(*m*) Consideration should be given by the international community to ways of dealing, as appropriate and in cooperation with national Governments, with the possible negative effects of sudden outflows of private capital from developing countries on the development programmes of these countries;

2. Requests the Secretary-General to continue to monitor developments in the net flows and transfer of resources between developing and developed countries, and utilizing all relevant reports, such as those provided by the World Bank, the International Monetary Fund and the regional banks, to report thereon in the World Economic and Social Survey, 1995, and also requests the Secretary-General to report to the General Assembly at its fifty-first session on the implementation of the present resolution.

92nd plenary meeting
19 December 1994

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RESOLUTION ADOPTED BY THE GENERAL ASSEMBLY

[on the report of the Second Committee (A/49/727/Add.2)]

49/94. Enhanced international cooperation towards a durable solution to the external debt problem of developing countries

The General Assembly,

Recalling its resolutions 41/202 of 8 December 1986, 42/198 of 11 December 1987, 43/198 of 20 December 1988, 44/205 of 22 December 1989, 45/214 of 21 December 1990, 46/148 and 46/151 of 18 December 1991 and 47/198 of 22 December 1992, and reaffirming its resolution 48/182 of 21 December 1993,

Reaffirming its resolutions 48/165 of 21 December 1993 on the renewal of the dialogue on strengthening international economic cooperation for development through partnership and 48/166 of 21 December 1993 on an agenda for development,

Noting the improvement in the debt situation of a number of developing countries since the second half of the 1980s and the contribution that the evolving debt strategy, as applied by the international community, has made to this improvement,

Noting with appreciation the debt relief measures undertaken by creditor countries both within the framework of the Paris Club and through their cancellations and equivalent relief of bilateral official debt,

Noting also that, owing to uneven developments in the context of the evolving international debt strategy, further progress, including concrete measures and innovative approaches, is essential for the achievement of an effective, equitable, development-oriented and durable solution to the external debt problems of a large number of developing countries, particularly the poorest and most heavily indebted countries,

Welcoming the fact that some developing countries have made substantial progress towards resolving their debt difficulties,

Noting with concern the continuing debt and debt-service problems of indebted developing countries, as an element adversely affecting their development efforts and economic growth, and reiterating the need to address and resolve those problems through effective relief measures, including, where appropriate, substantial debt-reduction measures, bearing in mind the special and critical situation of the most indebted developing countries in Africa and the least developed countries,

Stressing the importance of alleviating the onerous debt and debt-service burdens connected with various types of debt of many developing countries, on the basis of an equitable and durable approach and, where appropriate, addressing the full stock of debt of the poorest and most indebted developing countries as a matter of priority,

Emphasizing the importance for debtor developing countries of continuing to pursue and intensify their efforts with respect to economic reforms, stabilization and structural adjustment programmes, in order to raise savings and investments, to reduce inflation and to improve economic efficiency, taking into account the need to address the social aspects of development, including the eradication of poverty, and their individual characteristics, as well as the vulnerability of the poorer strata of their populations,

Expressing its concern that in a number of developing countries which are making continuous and strenuous economic reform efforts, the burden of debt and debt service continues to constitute a major obstacle to the revitalization of economic growth and development of those countries, in particular of the least developed countries,

Noting that those developing countries which have continued, at great cost to themselves, to meet their international debt and debt-service obligations in a timely fashion, have done so despite serious external and domestic financial constraints,

Stressing the need for continuing global economic growth and the necessity of a continuing supportive international economic environment with regard to, inter alia, terms of trade, commodity prices, improved market access, trade practices, access to technology, exchange rates and international interest rates, and noting the continued need for resources for sustained economic growth and sustainable development of the developing countries,

Noting, while addressing the debt problems of developing countries, the situations in some creditor countries with economies in transition,

Taking note of the result of the Ministerial Meeting of the Non-Aligned Countries on Debt and Development, held at Jakarta from 13 to 15 August 1994, and its findings and recommendations, 1/

Also taking note of the communiqué of the fifty-first Meeting of Ministers of the Intergovernmental Group of Twenty-Four on International

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1/ A/49/367, annex I.

Monetary Affairs, held at Madrid on 1 October 1994, and the communiqué of the forty-ninth Meeting of the Joint Ministerial Committee of the Boards of Governors of the World Bank and the International Monetary Fund, held at Madrid on 3 October 1994,

Further taking note of the communiqué of the Summit of the group of seven major industrial countries, held at Naples, Italy, from 8 to 10 July 1994, 2/

1. Takes note with appreciation of the report of the Secretary-General on the developing country debt situation as of mid-1994; 3/

2. Recognizes that a durable solution to the debt problems of the poorest and heavily indebted developing countries suggests even more favourable terms of debt relief measures, including a reduction of the stock of debt, and encourages the Paris Club and its members to pursue vigorously efforts to improve the terms applied to the poorest and heavily indebted developing countries, including, where appropriate, a reduction in bilateral official debt sufficient to help them to exit from the rescheduling process and thus contribute to the prospect of those countries to resume growth and development;

3. Emphasizes the importance for developing countries to continue their efforts to promote a favourable environment for attracting foreign investment, thereby promoting economic growth and sustainable development, and stresses the need for the international community to promote a conducive external economic environment through, inter alia, improved market access, stabilization of exchange rates, the effective stewardship of international interest rates and increased resource flows, as well as improved access to technology for the developing countries;

4. Calls upon the international community to implement fully the agreements of the Uruguay Round of multilateral trade negotiations 4/ and to continue its support for an open, free, equitable, non-discriminatory and rule-based international trading system that improves access to markets of all countries in order to ensure sustained economic growth and sustainable development, taking into account special and differential treatment agreed for developing countries, in particular the least developed countries, as well as technical assistance for developing countries, thereby enhancing their opportunities for, inter alia, alleviating their debt problems;

5. Welcomes the write-off by certain creditor countries of a significant part of the bilateral official debt of the least developed countries, and invites them, whenever possible, to cancel official development assistance debt or provide relief with similar effect for the least developed countries, particularly those in Africa;

2/ A/49/228-S/1994/827, annex I.

3/ A/49/338.

4/ Legal Instruments Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations, done at Marrakesh on 15 April 1994 (GATT secretariat publication, Sales No. GATT/1994-7), vols. 1 to 31.

6. Calls upon the donor countries and multilateral financial institutions, within their prerogatives, to consider appropriate new measures for substantially alleviating the debt burden of low-income countries, taking into account the specific situation of each country;

7. Encourages private creditors and, in particular, commercial banks to continue their initiatives and efforts to address the commercial debt problems of the least developed countries and of low- and middle-income developing countries;

8. Notes with concern the continuing existence of the debt and debt-service obligations of middle-income countries, including, in particular, those in Africa, and invites creditors, including multilateral financial institutions and commercial banks, to continue to address these obligations effectively;

9. Stresses the need, in addition to debt-relief measures that include debt and debt-service reduction, for new financial flows to debtor developing countries, and urges the creditor countries and multilateral financial institutions to continue to extend concessional financial assistance, particularly to the least developed countries, in order to support the implementation of economic reforms, stabilization and structural adjustment programmes and the eradication of poverty by the developing countries so as to enable them to extricate themselves from the debt overhang and to assist them in achieving sustained economic growth and sustainable development;

10. Also stresses the urgent need to continue to provide social safety nets to vulnerable groups most adversely affected by the implementation of economic reform programmes in the debtor countries, in particular low-income groups;

11. Notes the high proportion of multilateral debt of a number of developing countries, and invites the international financial institutions to examine proposals to tackle the problems of those countries with regard to multilateral debt, taking into account the specific situation of each country, while preserving the preferred creditor status of the multilateral financial institutions, in order to ensure that they can continue to provide concessional financing to those developing countries to assist their development;

12. Urges the international community to consider wider application of innovative measures, such as debt-for-equity and debt-for-nature swaps, without prejudice to more durable solutions such as debt reduction and/or cancellation;

13. Invites the international community, including the international financial institutions, to continue to explore ways of implementing additional and innovative measures to alleviate substantially the debt burdens of developing countries, in particular of the highly indebted low-income countries, in order to help them to achieve sustained economic growth and sustainable development without falling into a new debt crisis;

14. Calls upon the international community, including the relevant international institutions, to build upon the momentum gained from various recent meetings that addressed debt issues and to address the debt problems of

developing countries, particularly those of the least developed countries, in the elaboration of an agenda for development in order to further promote effective, equitable and durable solutions to these problems;

15. Invites creditor countries, private banks and multilateral financial institutions, within their prerogatives, to consider the extension of appropriate new financial support to the low-income countries with substantial debt burdens that continue, at great cost, to service the debt and meet their international obligations;

16. Recognizes the need to assist developing countries to mobilize the resources needed for their development efforts, and recognizes also that debt relief could contribute towards releasing domestic resources and to sustaining their development efforts, in particular their social development efforts;

17. Requests the Secretary-General to report to the General Assembly at its fiftieth session on the implementation of the present resolution.

92nd plenary meeting
19 December 1994